was that a small network of ATMs, as proposed by Indian Banks Association, can be tried out to begin with in Bombay by installing ATMs|Cash Dispensers at strategic locations, such as airports, railway stations and hospitals as the same would be more economical than individual banks acquiring ATMs on their own. The proposal for setting up a share ATM by IBA is in advanced stage of finalisation.

Official figures giving wrong picture of economy

6927. SHRI O. P. KOHLI : Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item appearing in the "Indian Express" dated the 20th April, 1995 under the caption "Official figures giving wrong picture of economy, say leftists";

(b) if so, the reaction of Government thereto;

(c) wheher the unrestricted inflow of international financial capital is stifling the indigenous entrepreneurship, and

(d) if so, the correcting measures being adopted by the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Indian Express published a news item captioned "Official figures giving wrong picture of economy, says leftists" on the 30th April, 1995. The news item relates to statements made by some economists, while releasing a copy of the Alternative Economic Survey for the year 1994-95, issued by Public Interest Research Group.

(b) The Government does not agree with the analysis made by the Economist. A detailed assessment of the Government on economic reforms and development of different sectors of the economy have already been given in the Economic Survey 1994-95 which was tabled in both the Houses of Parliament on March 14, 1995. As per the Economic Survey 1994-95, a remarkable progress has been made by the Indian Economy since the difficult days of 1991 economic crisis.

(c) and (d) Foreign investment flows supplement domestic savings to augment domestic investment. However, the Goverment has adopted a selective approach towards foreign investment. Direct foreign investment is approved automaticaly upto 51 per cent of the equity in 35 priority industries. Foreign equity exceeding 51 per cent in these areas and the amount of foreign equity in other areas are determined on the basis of case-by-case approvals. As regards portfolio investment, there is an individual limit of 5 per cent with a cumulative limit of 24 per cent of the issued capital for each company.

Affairs of UTI

6928 SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state :

(a) whether Govenment will look into the present state of affairs in the Unit Trust of India (UTI);

(b) whether it is a fact that the Unit Trust of India is unable to properly manage its large equity interests;

(c) whether a systematic policy will be implemented to protect the vast investments of the public in U.T.I.;

(d) whether it is a fact that the UTI has recently been taking unnecessary risks in management of its equity;

(e) what steps will be taken to ensure that UTI adopted a more cautious line with regard to its equity investments;

(f) whether it is also a fact that UTI is interfering directly in the management of companies in which it has an equity stake; and

(g) it so, the reasons trereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (g). The information is being collected and will be laid on the table of the House.

Depression in the stock market

6929. SHRI CHIMANBHAI MEHTA:
MAULANA OBAIDULLAH KHAN AZMI:

Will the Minister of FINANCE be pleased to state:

(a) what are the reasons for the depression in the stock market;

(b) whether it is a fact that UTI is of loading shares in substantial measure:

(c) if so, the reasons therefor;

(d) whether the bridge loan ban has any adverse effect on stock market;

(e) whether shares holders are allowed to mortgage their shares against bank advances;

(f) if not the reasons therefor;

(g) what are the restrictions on the primary and seconday stock markets; and

(h) what are the reasons for lack of liquidity in stock exchange?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Prices of securities in the stock market and their indices are liable to fluctuate on account of the interplay of various factors such as expectations of investors relating to the over-all economic environment, the performance of the corporate sector, transactions by large institutional investors including Foreign Institutional Investors, capital market trends overseas including the secondary market prices of global depository receipts issued by Indian companies, and of expectations of changes of policy. Stock prices are also affected by speculative forces and the intensity of this element varies in different circumstances.

(b) During the period between July, 1994 and April, 1995, Unit Trust of India (UTI) has purchased shares worth of about Rs. 1957 crores and sold shares worth Rs. 14-24 crores.

(c) Does not arise, in view of answer to (b) above.

(d) It is not feasible to quantify the impact of ban on bridge loan on stock market.

(e) and (f) Share holders are allowed to obtain bank advance against mortgage of shares in accordance with the guidelines/instructions issued by the Reserve Bank of India (RBI) from time to time. At the present individuals, shares and stock brokers and Trusts and endowments are allowed to obtain advances against primary security of shares and debentures.

(g) The restrictions in the Primary and Secondary stock markets is given in the Statement (*See* below)

(h) Liquidity in the stock market is dependent, inter alia, on business decisions of large institutional investors, socio economic and political factors, market perceptions of investors, brokers etc. Each factor impinge on the other and cumulatatively affect liquidity position in the market.

Statement

Restrictions on the Primary and Secondary market

(A) Primary market:

(i) A company seeking to list equity capital must issue equity capital of at least Rs. 3 crores.

(ii) A minimum of 25 per cent of each class of securities should be offered to the public for subscription.

(iii) A public issue, rights issue or offer for sale requires clearance by SEBI.

(iv) Rules, Regulations and Guidelines framed by Securities and Exchange Board of India for Merchant Bankers.